

ANNUAL AUDIT

PURPOSE

To establish City policy regarding contracting for annual audit services from an external accounting firm.

POLICY

Consistent with the practices of other cities, as well as larger corporations in the private sector, the City Council retains the services of an external accounting firm to audit the City's financial procedures and records on an annual basis. The primary staff point of contact for this contract and the day to day work done by the auditors is the Administrative Services Director, but the auditors will have direct access to the City Manager or City Council on any matters they deem appropriate.

The financial statement audits will be conducted in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants in their audit guide, Audits of State and Local Governmental Units, and will accordingly include such tests of the accounting records and such other auditing procedures. The accounting and reporting principles adopted by the Governmental Accounting Standards Board will be applied.

The compliance audit, the Single Audit, of the City will be performed as a single audit as defined in Office of Management and Budget (OMB) Circular A-128 Audits of State and Local Governments. The audit will encompass all Federal funds administered by the City. Furthermore, it will be conducted in accordance with the provisions of: Government Auditing Standards (1988) promulgated by the U.S. General Accounting Office, which pertain to financial and compliance audits; Compliance Supplement for Single Audits of State and Local Governments.

After soliciting and receiving written proposals from interested accounting firms, the City will normally award an audit contract for a four-year period. The audit contract may be renewed for an additional four-year period, without going through a new invitation for bid procedure, with the same firm, if the City Council is satisfied with the performance of the auditors and authorizes the extension. Only one such extension is authorized without going through formal bid procedure.

After audit results have been communicated to the City, the Administrative Services Department is then responsible for responding to all findings within six months to the City Council and appropriate regulatory agencies.

Adopted - January 24, 1994

Amended - February 27, 1995

Corrected - February 26, 1996

Amended - September 13, 2005

Formerly A-14